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ORD 7422-69

14 NOV 1959

MEMORANDUM FOR : Director of Research and Development

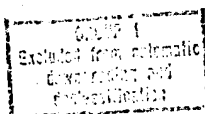
SUBJECT : Request for Guidance on Agency Retirement Policy

1. Recently the Career Service Panel/ORD initiated a study to obtain information for a response to questions raised by ORD personnel concerning the Agency's retirement policy. Some of these questions have resulted from discrepancies that exist in statements of the Agency's retirement policy made to personnel at the time of employment and the present policy as pronounced in Clarification of the Agency retirement policy with regard to these matters was essential so that the Career Service Panel/ORD and line management could properly carry out their responsibilities.

2. The Career Service Panel/ORD report (Attachment A) on the Agency's implementation of the Federal Service Retirement law defined the basic aspects of the problem and posed a series of questions that needed clarification. A subsequent staff study (Attachment B) determined how many people currently employed in ORD would be forced to terminate their Agency employment although they were still eligible for continued government employment under Civil Service regulations.

3. The major problem identified is the enforcement of a policy requiring mandatory retirement at age 60, after having served for at least 20 years. The following basic observations are made:

a. The majority of ORD's staff was employed prior to any statement of this policy being directly expressed in the recruiting process. Civil Service Procedures and Benefits were the stated policy in employee matters except where matters of security intervened. The issuance of (1) Certificates of Membership in the United States Civil Service,



- 2 -

Standard Form 105, revised September 1960; (2) United States Civil Service Commission Pamphlet 18, April 1959, and (3) Federal Employee Facts No. 3, March 1959, typify documents given to new EODs.

b. A significant number of employees transferred directly from Civil Service positions to the Agency without knowledge of the restrictive retirement policy.

c. When CIARDS was authorized, it carried preferential annuity considerations not available to non-eligible personnel.

4. A question of employees' rights is involved. Certainly any action reversing a clear understanding given to an employee during recruitment and at the time of his EOD is a serious matter. The current retirement policy can cost some employees well in excess of \$100,000 in lost earnings and an amount on the order of \$150 per month in his annuity. Loss of accrued sick leave can also represent many thousands of dollars.

25X1 5. In addition to direct financial considerations, there are human aspects. Individuals vary in their career goals and personal needs. The retirement program of the Agency is clearly different from the governmental norm and from the national norm. Because many employees are not familiar with the policy set forth in [redacted] its implementation has caused concern.

6. Typically, the career employee loses his job changing capabilities at an ever increasing rate as he passes 40 years of age. Many are now becoming aware of the severe effects noted in paragraph 4, and are faced with a question of continued employment with the Agency or seeking new employment. The older the individual, the more difficult is the latter. Additionally, many of those affected believe that they have much to contribute to the Agency and do not want to seek new employment. Clearly, career development guidance is needed within ORD.

- 3 -

7. The subjects of the impact of this policy on both recruitment of scientific personnel and the validity of arguments supporting the Agency policy when applied to overt scientific personnel are beyond the immediate scope of this memorandum. These points are nevertheless suggested as grounds for serious consideration.

8. It is requested that the membership of the Career Service Panel/ORD be given clear and concise information on the Agency retirement policy, its implementation, and employee rights under the program. This information will then be available for staff guidance. It must be recognized that the information will provide a baseline for staff employees to apply to their personal and collective situations.

Chairman
Career Service Panel

Distribution:

Original & 1 - Addressee

① - Subject File

1 - ORD Chrono

1 - *NBS Chrono*

DD/S&T/ORD/RBGSIA:jc/ / 6 Nov. '69

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8 July 1969

MEMORANDUM FOR: Chairman, Career Service Panel/ORD

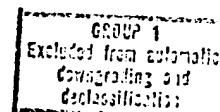
SUBJECT : Submission of Report to CSP/ORD on the
Implementation of the Federal Civil
Service Retirement Law by the Central
Intelligence Agency

The committee appointed by the acting chairman at
the June CSP meeting submits the attached report for
consideration by the CSP at the scheduled July 14 meeting.

C/PC/ORD

Attachment:
Report

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8 July 1969

Report to CSP/ORD on the Implementation of the Federal Civil Service Retirement Law by the Central Intelligence Agency

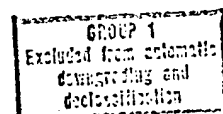
1. At the 2 June 1969 meeting of the ORD Career Service Panel, questions were raised concerning the Agency's implementation of the Retirement System of the Civil Service Commission, i.e., the Federal Government's system. Inequities were identified which have a significant implication to staff employees of this Office and, most clearly, must be considered in handling questions of career development. A committee composed of the undersigned was appointed to explore the matter. This report highlights items of interest. Paragraph 6 contains a recommendation for action by the CSP/ORD.

25X1 2. The following is quoted from

Employees generally will retire at age 60 or as soon thereafter as they are eligible for optional retirement under the Civil Service Retirement System, i.e., upon completion of 20 years of service at age 60 or after a minimum of 5 years service at age 62.

This quote is the Agency's implementation of the Federal Government's retirement policy established by the Civil Service Commission. Attachment 1 shows a representative action by the Office of Personnel in notifying an employee of his retirement status.

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3. The following quote is from Federal Employee Facts No. 3, August 1968, on the Civil Service Retirement System:

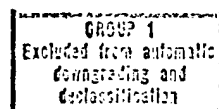
You must retire at age 70 after 15 or more years of service. You may retire at the following ages, and receive an immediate annuity, if you have at least the amount of Federal service shown:

<u>Earliest Age</u>	<u>Years of Service</u>
62	5
60	20
55	30

4. While individual cases vary, typically the Agency employee retired under the Civil Service system is required to sacrifice five years salary, at presumably, his highest level and to forego the significant benefits of five years protection from earned, accrued sick leave. Unlike the employee retired under the CIA Retirement and Disability System (CIARDS), the employee's annuity is based on Civil Service rates, not the significantly more favorable CIARDS rates. In short, the employee is severely penalized by being subjected to a unique implementation of the Federal Government's retirement policy. (Attachment 2)

5. In order to discharge Career Development responsibilities to the personnel of ORD/DD/S&T, it is essential that members of the CSP/ORD clearly communicate the Agency's implementation of the Civil Service System to staff employees. Implications to individuals clearly relate to lifetime earnings, to the desirability of a continuing Agency career

SECRET



and to personal considerations of early retirement with its attendant problems. Answers to the following questions should provide a basis for effective staff counseling to those employees hired prior to the acquiring of signed statement on Retirement Understanding as a part of the employment process. (Attachment 3)

a. What is the purpose of the Agency's unique treatment of the retirement policy of the Federal Government?

b. When was the practice as quoted in paragraph a initiated?

c. Is any action planned to adjust the general policy to eliminate present injustices?

d. On request, can any employee hired prior to the use of the Retirement Understanding statement get an explicit statement of his service future, including extension of service term beyond minimums, to assist him in personal planning?

e. What are the criteria for the granting of exceptions to the general policy on retirement?

f. What is the interpretation and usage of the Retirement Understanding forms now executed by new employees? (Attachment 3)

6. The following resolution is offered for appropriate panel action:

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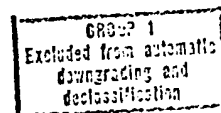
The CSP/ORD instructs the Executive Secretary of the Panel to obtain written answers to the questions presented in paragraph 5 above. The answers are to be distributed to panel members prior to the September meeting at which time the subject will be formally reviewed for its impact on the careers of Office employees.

The Executive Secretary (and ORD Personnel Officer) is instructed to utilize formal procedures and channels in carrying out this action.

7. This report completes the current tasking of this committee. Any further action awaits instructions from the Chairman, CSP/ORD.

Chairman

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(When Filled In)

ATTACHMENT 1

✓ MEMORANDUM FOR:

THROUGH : Head of Career Service

SUBJECT : Notification of Non-eligibility for Designation as a Participant in the
CIA Retirement and Disability System

25X1 1. As you may know, a review is made of the employment history and current career field of all Agency employees to identify those who are eligible for designation as participants in the CIA Retirement and Disability System. In this process, the initial review of each case is made by the individual's Career Service. If the Head of his Career Service nominates him for participation in the System, this nomination is reviewed by the CIA Retirement Board which recommends final action to me. However, if the Head of the Career Service advises that the employee does not meet the basic requirements of [] for participation, I have accepted this finding without further review by the CIA Retirement Board. This practice has been adopted in the interest of expediting this screening process so that those employees who are eligible to participate in the System may be designated participants as soon as possible.

25X1 2. In your case, the Head of your Career Service has advised me that you do not meet the requirements of [] for designation as a participant and I have accordingly made the formal determination required by the regulation that you are not eligible for designation. This in no way affects your current status under the Civil Service Retirement System, nor does it preclude reconsideration of your eligibility to participate in the CIA System if you should meet the requirements for designation in the future.

25X1 3. Should you desire further information concerning the requirements for designation as a participant in the CIA Retirement System, I suggest that you read paragraph [] and paragraph 5 of the Employee Bulletin dated 30 July 1965, entitled "Public Law 88-643, The Central Intelligence Agency Retirement Act of 1964 for Certain Employees."

25X1 4. It is always possible that the records upon which the determination made in your case may have been incomplete or inaccurate regarding your actual employment history with the Agency. If, after studying the materials cited above, you have questions regarding the determination that you are not eligible to participate in the CIA Retirement System, please feel free to contact officials of your Career Service. They are familiar with the details of your case and will gladly discuss them with you. In addition, you may wish to discuss your case with the Retirement Branch located in Room 205, Magazine Building []. If such discussions do not resolve any questions you have regarding your eligibility, you may request that your case be formally considered by the CIA Retirement Board. However, this request must be made within 30 days of the date of this memorandum.

Robert S. Wattles
Director of Personnel

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GROUP 1
Excluded from automatic
downgrading and
declassification

ATTACHMENT 2

Comparative Annuities, Monthly Rate

Basis: Retirement at age 60 with 20 years service and with maximum benefit to surviving spouse.

<u>High 5</u>	<u>CIARDS</u>	<u>CS</u>
10,000	322	294
15,000	473	430
20,000	623	566
25,000	772	702

Basis: Retirement with an additional 5 years service and with maximum benefits to surviving spouse.

<u>High 5</u>	<u>CIARDS</u>	<u>CS</u>
10,000	298	369
15,000	585	543
20,000	772	716
25,000	960	890

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downgrading and
declassification

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ATTACHMENT 3

The following statement in form A or B is now executed by an entering employee at CIA. The initiation date of this procedure is not known; the choice of the form in a given case is unknown.

FORM A

RETIREMENT UNDERSTANDING

I understand, and accept as a condition of employment, that under Agency policy I will be expected to retire no later than age 60, when eligible under either the CIA Retirement System or the Civil Service Retirement System. I further recognize that I will be expected to plan my personal affairs accordingly.

Signature

Date

FORM B

RETIREMENT UNDERSTANDING

I understand, and accept as a condition of employment, that under Agency policy I will be expected to retire upon completion of 20 years of service or at age 62 after a minimum of 5 years service whichever comes first and when in either case I will be eligible for an immediate annuity under the Civil Service Retirement Act. I further recognize that

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I will be expected to handle my personal affairs accordingly.

Signature

DATE

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downgrading and
declassification